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and Certain of its Affiliates

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X	
In re	: Chapter 11 Case No.
	:
LEHMAN BROTHERS HOLDINGS INC., et al.,	: 08-13555 (JMP)
	:
Debtors.	: (Jointly Administered)
-----X	

**NOTICE REGARDING INITIAL DISTRIBUTIONS PURSUANT TO
THE MODIFIED THIRD AMENDED JOINT CHAPTER 11 PLAN OF
LEHMAN BROTHERS HOLDINGS INC. AND ITS AFFILIATED DEBTORS**

As previously disclosed, Distributions under the *Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and Its Affiliated Debtors*, dated December 5, 2011 [ECF No. 26039],¹ will commence on April 17, 2012.

Attached hereto as Exhibit A is a list that indicates the percentage recovery that will be distributed to holders of Allowed Claims against each Debtor in each Class of non-priority unsecured Claims under the Plan. Attached hereto as Exhibit B is a summary of the aggregate amount of Distributions that will be distributed to holders of Allowed non-priority unsecured Claims. Attached hereto as Exhibit C is a list that indicates the amount and percentage of the Minimum Cash Reserve and the Asset-to-Reserve Ratio that will be maintained by each Debtor that uses Non-Cash Assets in lieu of Available Cash as reserves for Disputed Claims.

¹ Capitalized terms used herein shall have the meanings ascribed to them in the Plan or the *Order Authorizing Use of Non-Cash Assets In Lieu of Available Cash As Reserves for Disputed Claims Pursuant to Section 8.4 of the Debtors' Confirmed Joint Plan* [ECF No. 25641], as applicable.

Dated: New York, New York
April 11, 2012

/s/ Lori R. Fife
Harvey R. Miller
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Exhibit A

Initial Distributions to Holders of Allowed Non-Priority Unsecured Claims

		Percentage of Allowed Claim ⁽¹⁾
Lehman Brothers Holdings Inc.		
Class 3	Senior Unsecured Claims	6.02%
Class 4A	Senior Affiliate Claims	4.62%
Class 4B	Senior Affiliate Guarantee Claims	4.51%
Class 5	Senior Third-Party Guarantee Claims	3.61%
Class 6A	Convenience Claims	26.00%
Class 6B	Guarantee Convenience Claims	17.00%
Class 7	General Unsecured Claims	5.66%
Class 8	Affiliate Claims	4.25%
Class 9A	Third-Party Guarantee Claims other than those of the RACERS Trusts	3.40%
Class 9B	Third Party Guarantee Claims of the RACERS Trusts	2.07%
Class 10A	Subordinated Class 10A Claims	N/A ⁽²⁾
Class 10B	Subordinated Class 10B Claims	N/A ⁽²⁾
Class 10C	Subordinated Class 10C Claims	N/A ⁽²⁾
Lehman Commercial Paper Inc.		
Class 3	Convenience Claims	60.00%
Class 4A	General Unsecured Claims other than those of Designated Entities	16.43%
Class 4B	General Unsecured Claims of Designated Entities	10.96%
Class 5A	Affiliate Claims of LBHI ⁽³⁾	12.97%
Class 5B	Affiliate Claims of Participating Subsidiary Debtors	10.96%
Class 5C	Affiliate claims other than those of Participating Debtors	11.78%
Lehman Brothers Commodity Services Inc.		
Class 3	Convenience Claims	55.00%
Class 4	General Unsecured Claims	45.69%
Class 5A	Affiliate Claims of LBHI ⁽³⁾	53.13%
Class 5B	Affiliate Claims of Participating Subsidiary Debtors	N/A
Class 5C	Affiliate claims other than those of Participating Debtors	45.69%
Lehman Brothers Special Financing Inc.		
Class 3	Convenience Claims	32.00%
Class 4A	General Unsecured Claims other than those of Designated Entities	20.35%
Class 4B	General Unsecured Claims of Designated Entities	10.36%
Class 5A	Affiliate Claims of LBHI ⁽³⁾	20.64%
Class 5B	Affiliate Claims of Participating Subsidiary Debtors	17.04%
Class 5C	Affiliate claims other than those of Participating Debtors	20.02%
Lehman Brothers OTC Derivatives Inc.		
Class 3	Convenience Claims	34.00%
Class 4	General Unsecured Claims	15.49%
Class 5A	Affiliate Claims of LBHI ⁽³⁾	16.84%
Class 5B	Affiliate Claims of Participating Subsidiary Debtors	13.47%
Class 5C	Affiliate claims other than those of Participating Debtors	15.49%
Lehman Brothers Commercial Corporation		
Class 3	Convenience Claims	40.00%
Class 4	General Unsecured Claims	25.66%
Class 5A	Affiliate Claims of LBHI ⁽³⁾	N/A
Class 5B	Affiliate Claims of Participating Subsidiary Debtors	22.80%
Class 5C	Affiliate claims other than those of Participating Debtors	25.66%

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Initial Distributions to Holders of Allowed Non-Priority Unsecured Claims

		Percentage of Allowed Claim ⁽¹⁾
Lehman Brothers Derivative Products Inc.		
Class 3	General Unsecured Claims	55.57%
Class 4A	Affiliate Claims of LBHI	N/A
Class 4B	Affiliate claims of Affiliates other than those of LBHI	55.57%
Lehman Brothers Financial Products Inc.		
Class 3	General Unsecured Claims	100.00%
Class 4A	Affiliate Claims of LBHI ⁽³⁾	100.00%
Class 4B	Affiliate claims of Affiliates other than those of LBHI	100.00%
LB 745 LLC		
Class 3	General Unsecured Claims	1.36%
Class 4A	Affiliate Claims of LBHI ⁽³⁾	1.36%
Class 4B	Affiliate claims of Affiliates other than those of LBHI	N/A
PAMI Statler Arms LLC		
Class 3	General Unsecured Claims	N/A
Class 4A	Affiliate Claims of LBHI ⁽³⁾	N/A
Class 4B	Affiliate claims of Affiliates other than those of LBHI	N/A
CES Aviation LLC		
Class 3	General Unsecured Claims	N/A
Class 4A	Affiliate Claims of LBHI ⁽³⁾	7.25%
Class 4B	Affiliate claims of Affiliates other than those of LBHI	7.25%
CES Aviation V LLC		
Class 3	General Unsecured Claims	0.99%
Class 4A	Affiliate Claims of LBHI ⁽³⁾	0.99%
Class 4B	Affiliate claims of Affiliates other than those of LBHI	N/A
CES Aviation IX LLC		
Class 3	General Unsecured Claims	1.75%
Class 4A	Affiliate Claims of LBHI ⁽³⁾	1.75%
Class 4B	Affiliate claims of Affiliates other than those of LBHI	1.75%
East Dover Limited		
Class 3	General Unsecured Claims	N/A
Class 4A	Affiliate Claims of LBHI ⁽³⁾	7.66%
Class 4B	Affiliate claims of Affiliates other than those of LBHI	N/A
Lehman Scottish Finance L.P.		
Class 3	General Unsecured Claims	N/A
Class 4A	Affiliate Claims of LBHI	N/A
Class 4B	Affiliate claims of Affiliates other than those of LBHI	N/A
Luxembourg Residential Properties Loan Finance S.a.r.l.		
Class 3	General Unsecured Claims	N/A
Class 4A	Affiliate Claims of LBHI	N/A
Class 4B	Affiliate claims of Affiliates other than those of LBHI	N/A

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Initial Distributions to Holders of Allowed Non-Priority Unsecured Claims

		Percentage of Allowed Claim ⁽¹⁾
BNC Mortgage LLC		
Class 3	General Unsecured Claims	9.09%
Class 4A	Affiliate Claims of LBHI ⁽³⁾	N/A
Class 4B	Affiliate claims of Affiliates other than those of LBHI	9.09%
LB Rose Ranch LLC		
Class 3	General Unsecured Claims	N/A
Class 4A	Affiliate Claims of LBHI	N/A
Class 4B	Affiliate claims of Affiliates other than those of LBHI	N/A
Structured Asset Securities Corporation		
Class 3	General Unsecured Claims	6.50%
Class 4A	Affiliate Claims of LBHI ⁽³⁾	6.50%
Class 4B	Affiliate claims of Affiliates other than those of LBHI	6.50%
LB 2080 Kalakaua Owners LLC		
Class 3	General Unsecured Claims	N/A
Class 4A	Affiliate Claims of LBHI	N/A
Class 4B	Affiliate claims of Affiliates other than those of LBHI	N/A
Merit, LLC		
Class 3	General Unsecured Claims	N/A
Class 4A	Affiliate Claims of LBHI	N/A
Class 4B	Affiliate claims	1.09%
LB Somerset LLC		
Class 3	General Unsecured Claims	N/A
Class 4A	Affiliate Claims of LBHI	N/A
Class 4B	Affiliate claims	N/A
LB Preferred Somerset LLC		
Class 3	General Unsecured Claims	N/A
Class 4A	Affiliate Claims of LBHI	N/A
Class 4B	Affiliate claims	N/A

⁽¹⁾ "N/A" indicates either \$0 available cash for Distributions or \$0 in Allowed Claims within the specific Class

⁽²⁾ Distributions reallocated in accordance with Section 6.4 of the Plan

⁽³⁾ In accordance with sections 6.5(b) and 6.5 (c) of the Plan, LBHI is participating in Distributions in the amount and to the extent set forth on Page 4 of the Debtor's Claims Schedule

Exhibit B

Summary of First Distribution to Non-Priority General Unsecured Claims

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(\$ millions)

Debtors ⁽¹⁾	Cash Available for Distribution							Claims			Distribution		
	Unrestricted Cash ⁽²⁾	Reserves ⁽³⁾	Initial Cash Available for Distribution	Cash Available from Distributions from Other Debtors	Net Cash Available for Distribution ⁽⁴⁾	Plan Adjustment from Participating Subsidiary Debtor Distributions ⁽⁵⁾	Total Available Cash for Distribution	Allowed ⁽⁶⁾	Disputed ⁽⁷⁾	Total	Distribution to Allowed Claims	Cash Reserve for Disputed Claims ⁽⁸⁾	Total
Lehman Brothers Holdings Inc.	\$ 7,212	\$ (3,087)	\$ 4,125	\$ 6,361	\$ 10,486	\$ 919	\$ 11,405	\$ 226,437	\$ 86,244	\$ 312,681	\$ 10,208	\$ 1,198	\$ 11,405
Lehman Commercial Paper Inc.	\$ 5,565	\$ (2,125)	\$ 3,440	\$ 121	\$ 3,561	\$ (275)	\$ 3,285	\$ 25,851	\$ 656	\$ 26,507	\$ 3,235	\$ 50	\$ 3,285
Lehman Brothers Special Financing Inc.	\$ 9,462	\$ (703)	\$ 8,759	\$ 297	\$ 9,056	\$ (452)	\$ 8,604	\$ 34,753	\$ 15,484	\$ 50,237	\$ 6,900	\$ 1,704	\$ 8,604
Lehman Brothers Commodity Services Inc.	\$ 1,890	\$ (33)	\$ 1,857	\$ 70	\$ 1,927	\$ (139)	\$ 1,788	\$ 2,888	\$ 740	\$ 3,627	\$ 1,395	\$ 393	\$ 1,788
Lehman Brothers OTC Derivatives Inc.	\$ 255	\$ (9)	\$ 245	\$ -	\$ 245	\$ (7)	\$ 238	\$ 666	\$ 791	\$ 1,457	\$ 105	\$ 133	\$ 238
Lehman Brothers Commercial Corporation	\$ 716	\$ (109)	\$ 607	\$ -	\$ 607	\$ (45)	\$ 562	\$ 1,012	\$ 1,117	\$ 2,129	\$ 243	\$ 318	\$ 562
Lehman Brothers Derivative Products Inc.	\$ 395	\$ (1)	\$ 394	\$ -	\$ 394	\$ -	\$ 394	\$ 175	\$ 534	\$ 709	\$ 97	\$ 297	\$ 394
Lehman Brothers Financial Products Inc.	\$ 487	\$ (3)	\$ 484	\$ 0	\$ 484	\$ -	\$ 484	\$ 258	\$ 217	\$ 475	\$ 258	\$ 217	\$ 475
LB 745 LLC	\$ -	\$ (0)	\$ (0)	\$ 5	\$ 5	\$ -	\$ 5	\$ 36	\$ 297	\$ 333	\$ 0	\$ 4	\$ 5
CES Aviation LLC	\$ 23	\$ (1)	\$ 23	\$ -	\$ 23	\$ -	\$ 23	\$ 18	\$ 295	\$ 313	\$ 1	\$ 21	\$ 23
CES Aviation V LLC	\$ 3	\$ (0)	\$ 3	\$ -	\$ 3	\$ -	\$ 3	\$ 6	\$ 295	\$ 301	\$ 0	\$ 3	\$ 3
CES Aviation IX LLC	\$ 6	\$ (0)	\$ 5	\$ 0	\$ 5	\$ -	\$ 5	\$ 7	\$ 295	\$ 302	\$ 0	\$ 5	\$ 5
East Dover Limited	\$ -	\$ (0)	\$ (0)	\$ 12	\$ 12	\$ -	\$ 12	\$ 3	\$ 151	\$ 153	\$ 0	\$ 12	\$ 12
Lehman Scottish Finance LP	\$ 0	\$ (0)	\$ 0	\$ -	\$ 0	\$ -	\$ 0	\$ -	\$ 295	\$ 295	\$ -	\$ 0	\$ 0
BNC Mortgage LLC	\$ 17	\$ (3)	\$ 14	\$ -	\$ 14	\$ -	\$ 14	\$ 0	\$ 151	\$ 151	\$ 0	\$ 14	\$ 14
Structured Asset Securities Corporation	\$ -	\$ (0)	\$ (0)	\$ 72	\$ 72	\$ -	\$ 72	\$ 471	\$ 638	\$ 1,109	\$ 31	\$ 41	\$ 72
Merit LLC	\$ -	\$ (0)	\$ (0)	\$ 4	\$ 4	\$ -	\$ 4	\$ 325	\$ 11	\$ 336	\$ 4	\$ 0	\$ 4

⁽¹⁾ Includes all Debtors making a distribution on the April 17, 2012 Distribution Date. Other Debtors will not be making Distributions to non-priority unsecured creditors on this date.

⁽²⁾ Unrestricted Cash at 3/23/12

⁽³⁾ Reserves consist of all, or some, of the following: (a) provisions for operating expenses and non-operating expenses; (b) provisions for other commitments (e.g. unfunded loans, etc.); (c) reserves for anticipated investments (e.g. Archstone and certain financial assets to facilitate unwinding positions); and (d) reserves for Secured, Administrative, Priority and Convenience Claims

⁽⁴⁾ Available for holders of non-priority, general unsecured Claims

⁽⁵⁾ Plan Adjustments are calculated based on payment of Allowed Claims, not Disputed Claims Reserves

⁽⁶⁾ In accordance with sections 6.5 (b) and 6.5 (c) of the Plan, LBHI is participating in Distributions in the amount and to the extent set forth on Page 4 of the Debtor's Claims Schedule

⁽⁷⁾ Estimate of Disputed Claims for reserve purposes only. Certain Claims have been estimated at less than filed amounts as agreed to through a stipulation or settlement agreement. Does not include estimates for unliquidated Claims.

⁽⁸⁾ Non-Cash assets will be used in lieu of Cash reserves for Disputed Claims against LBHI, LCPI and LBSF in accordance with the Order of the Bankruptcy Court dated 2/22/12 [ECF No. 25641]. See Exhibit C for details. A pro-rata share of Available Cash will be reserved from Distributions for Disputed Claims against each other Debtor in accordance with section 8.4 of the Plan.

Exhibit C

Minimum Cash Reserve and Asset-to-Reserve Ratios for Initial Distribution

(\$ millions)

Description	Lehman Brothers Holdings Inc.	Lehman Commercial Paper Inc.	Lehman Brothers Special Financing Inc.
Assets			
Financial Inventory ⁽¹⁾	\$ 3,730	\$ 7,860	\$ 2,112
Receivables & Other Assets ⁽²⁾	455	198	323
Investment in Affiliates ⁽²⁾	1,600	273	327
Interco. & Affiliate Receivables ⁽³⁾	15,800	1,009	851
Racers & Subrogated Claims ⁽⁴⁾	3,325	-	-
Total Non-Cash Assets	\$ 24,911	\$ 9,341	\$ 3,613
Required Claims Reserve			
% of Cash Reserves for Disputed Claims	25%	25%	53%
Required Claims Reserve			
Reserve for Disputed Claims	\$ 3,532	\$ 108	\$ 3,149
Less: Plan Adjustments & Plan Settlement Reserves ⁽⁵⁾	(341)	(30)	(49)
Reserve Available to All Classes	3,191	77	3,100
Less: Minimum Cash Reserve	(798)	(19)	(1,655)
Net Asset Requirement	\$ 2,393	\$ 58	\$ 1,445
Additional Reserves	\$ (59)	\$ (1)	\$ -
Total Asset-to-Reserve Ratio	10.4x	161.2x	2.5x

⁽¹⁾ Calculation based on the 9/30/11 Balance Sheet (unaudited), as reflected in the November, 2011 Monthly Operating Report [Docket No. 23709]. Certain adjustments were made to reflect subsequent activity and to eliminate the value of any assets that may be encumbered.

⁽²⁾ Excludes LBHI assets related to Woodlands and Aurora (\$1.6B) (see Disclosure Statement Exhibit 4), and preferred shares of Neuberger Berman Group LLC (which were redeemed for cash subsequent to 9/30/11)

⁽³⁾ Excludes assets recovered prior to the initial distribution (e.g. proceeds from Lehman Brothers Asia Holdings) as well as the intra-Debtor settlement of claims as part of the initial Distribution

⁽⁴⁾ Adjusts for recoveries on RACERS as part of the intra-Debtor Distribution

⁽⁵⁾ Includes only the portion of Plan Adjustments and Plan Settlement amounts reserved for Disputed Claims